

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 EA-12 FRB-01 INR-10 NEA-10 NSAE-00 ICA-20
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 OMB-01 SS-15
STR-07 L-03 /133 W
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R 181422Z JUL 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4905
INFO USDA/WASHDC
ALL OECD CAPITALS
AMEMBASSY BELGRADE
AMEMBASSY BRUSSELS
USMISSION GENEVA

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USEEC

USDA FOR DEP.ASST.SEC.SCHAH; WITCHER,OICD; HIRSCH, FAS

E.O. 11652 N/A
TAGS EAGR OECD
SUBJECT: JOINT WORKING PARTY OF THE TRADE AND AGRICUL-
TURAL COMMITTEES MEETING, 10-12 JULY 1978

1. SUMMARY: DELEGATES DISCUSSED NEW MATERIALS PREPARED
BY SECRETARIAT FOR INCLUSION IN LARGE REPORT ON MARKET
INSTABILITY; NOTED CHANGES IN MEMBER COUNTRY AGRICULTU-
RAL TRADE POLICIES AND PRACTICES NOTIFIED SINCE LAST
MEETING AND QUESTIONED EC ON TWO POLICY CHANGES NOT
NOTIFIED; AND DISCUSSED RECENT INTERNATIONAL DEVELOP-
MENTS IN THE MARKET FOR MEAT. END SUMMARY.

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2. F.CRAWFORD (AUSTRALIA) ELECTED CHAIRMAN, E.
DETRAUX (BELGIUM) REELECTED VICECHAIRMAN, AND AGENDA
ADOPTED.

3. THE MAJOR PROJECT OF THE JOINT WORKING PARTY FOR THE
PAST TWO YEARS HAS BEEN THE STUDY ON MARKET INSTABILITY.
THE STUDY HAS BEEN A LONG AND DIFFICULT ONE, PARTLY DUE

TO ITS BROAD SCOPE AND PARTLY DUE TO THE SENSITIVE NATURE OF THE SUBJECT MATTER IN LIGHT OF NEGOTIATIONS TAKING PLACE OVER THE PAST MONTHS IN OTHER INTERNATIONAL FORA. WORK PROGRAM WAS ALSO DELAYED BECAUSE OF THE COMMITTEE MEETING AT MINISTERIAL LEVEL LAST FEBRUARY.

4. THE DOCUMENT TITLED "THE MANAGEMENT OF MARKET INSTABILITY" (AGR/TC/WP(78)2) WAS PRESENTED TO SERVE AS THE FINAL CHAPTER OF THE REPORT AND TO FORM A STATEMENT ON THE OUTLOOK FOR INSTABILITY. DELEGATIONS FELT THE NEED FOR A SUMMARY AND LEFT IT TO THE SECRETARIAT'S DISCRETION WHETHER THERE WILL BE A SUMMARY AT THE BEGINNING OR AT THE END OF THE STUDY OR WHETHER EACH CHAPTER WOULD START WITH ITS SUMMARY. US DEL. (HIRSCH) CORRECTED FINAL CHAPTER REGARDING (1) ERRONEOUS ASSOCIATION OF HIGHER LIVESTOCK PRICES IN SOYBEAN IMPORTING COUNTRIES WITH SOYBEAN PRICES SUGGESTING INSTEAD THAT HIGHER FEED GRAIN PRICES CAUSE HIGHER LIVESTOCK PRICES; (2) MISINTERPRETATIONS OF U.S. MEAT IMPORT LAW AND LABELED AS NAIVE THE POSTULATE THAT OECD EXPORTERS MUST DECIDE WHETHER OR NOT TO KEEP STOCKS FOR OPPORTUNISTIC SALES TO EASTERN (I.E. COMMUNIST) COUNTRIES. WP AGREED TO DELETE SUGGESTION FOR A MINIMUM EXPORTERS' PRICE AGREEMENT FOR CERTAIN SALES TO THESE COUNTRIES. WP ADOPTED NEW ZEALAND (LEE) PROPOSED TEXT POSTULATING SENSIVITY AND RESPONSE TO SUPPLY-DEMAND CONDITIONS IN DAIRY

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MARKET. EC (BONDERER) AND JAPAN (MYAKE) OBJECTED TO OBSERVATION THAT THEIR COUNTRIES, AT TIMES OF DOMESTIC OVER-SUPPLY, HAVE LARGELY PASSED THEIR DIFFICULTIES BACK TO EXPORTING COUNTRIES. AUSTRALIAN AND NEW ZEALAND SHEEPMET PAPERS WERE RECEIVED WITH OBSERVATION THAT THERE IS LITTLE INSTABILITY IN MARKET FOR THAT PRODUCT.

CHAPTER ON ANIMAL FEEDINGSTUFFS (AGR/TC/WP (78)3) WAS PRESENTED BY ITS AUTHOR, M. LENGELLE. DISCUSSION OF PAGES 3-22 AVOIDED DUPLICATION WITH THAT OF IDENTICAL TEXT IN MEETING OF AD HOC GROUP ON FEEDING JUNE 19-21. U.S. DEL. ANALYSED IMPLICATIONS OF EMERGENCE OF BRAZIL AS A MAJOR EXPORTER OF SOYBEANS AND PRODUCTS, DEMANDED (1) MORE CLEARLY FOCUSED TREATMENT OF THE EFFECT OF EC FEED GRAIN PRICING ON PROTEIN FEEDS, (2) ANALYSIS OF HEDGING IN FUTURES MARKET AS A STABILIZING MEASURE IN SOYBEAN MARKET AND (3) MORE CAREFUL ANALYSIS OF COST OF IMPORTERS'S HOLDING LYSINE STOCKS AS AS INSU-

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RANCE AGAINST SCARCITY IN SOYBEANS. UK DEL. (EDWARDS)
ENDORSED LAST POINT. OTHERWISE DISCUSSION OF LENGELLE'S
PAPER, WHICH US DEL. CONSIDERS THOUGHT-PROVOKING, WAS
LETHARGIC.

THE FULL TEXT OF THE DRAFT OF THE ENTIRE INSTABILITY
STUDY WILL BE ASSEMBLED AS PER THE OUTLINE CONTAINED IN
AGR/TC/WP(78)1 AND WILL BE TABLED FOR ADDITIONAL DISCUS-
SION AND REVISIONS AT THE NEXT MEETING. AT THE SAME
TIME DERESTRICTION AND SALE OF THE REPORT IN ITS FINALLY
ADOPTED FORM ARE TO BE RECOMMENDED TO THE PARENT
COMMITTEES.

THE SECRETARIAT AND THE JWP FEEL THE PRESSURE TO FINISH
THE STUDY AND MOVE ON TO OTHER WORK. UNDER THE ABLE
LEADERSHIP OF CHAIRMAN CRAWFORD EXCELLENT PROGRESS WAS
MADE AT THIS MEETING TOWARD THAT END.

5. NOTIFICATIONS OF CHANGES IN AGRICULTURAL TRADE
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POLICIES: NEW ZEALAND (RUTHERFORD) ASKED FOR NOTIFICA-

TION OF RECENT INCREASES IN EC MEAT
EXPORT RESTITUTIONS EFFECTIVE MAY 1 NOT NOTIFIED. EC
EXPLAINED SUCH CHANGES WERE ROUTINE MEASURES ANALOGOUS
TO THE DAILY CHANGE IN GRAIN LEVIES WHICH NEED NOT BE
AND CANNOT BE NOTIFIED. NO POLICY CHANGE INVOLVED. US
ASKED WHY EXPORT RESTITUTIONS WERE INCREASED WHEN BEEF
MARKET STRENGTHENED. EC DID NOTKNOWANSWER.

6. MEAT MARKET DEVELOPMENTS: AUSTRALIA (COBBAN)
SAID RECENT INCREASE IN AUTHORIZATIONS FOR BEEF TO BE
IMPORTED INTO US WOULD NOT CAUSE DIVERSIONS OF AUSTRA-
LIAN EXPORTS FROM OTHER PROSPECTIVE DESTINATIONS TO US.
US DEL. EXPLAINED FURTHER THAT SINCE THE US PROGRAM
WAS OPERATED WITH THE CONSULTATION OF AND IN AGREEMENT
WITH SUPPLYING COUNTRIES INCREASED US REQUIREMENTS
COULD BE ADAPTED TO EXISTING AVAILABILITIES WITH SMALL
EFFECTS ON OTHER CONSUMERS, BOTH IN THIRD COUNTRIES
AND IN EXPORTING COUNTRIES THEMSELVES.

7. ANOTHER ITEM ON THE NEXT MEETING AGENDA WILL BE
DISCUSSION OF THE FUTURE PLAN OF WORK. THE WORK SHOULD
RELATE TO THE GUIDELINES SET FORTH IN THE RECENT MINIS-
TERIAL PRESS COMMUNIQUE EMPHASIZING POSITIVE ADJUSTMENT
POLICIES. IT SHOULD FURTHER RELATE TO THE NOTE FROM
THE SECGEN C(78)129 CALLING FOR THE INDUSTRY, AGRICUL-
TURE, AND MANPOWER AND SOCIAL AFFAIRS COMMITTEES TO
CONSIDER CONTRIBUTIONS THEY CAN MAKE TO SHIFTS TOWARD
MORE POSITIVE ADJUSTMENT POLICIES IN THEIR RESPECTIVE
SECTORS. THIS NOTE REQUESTS A REPORT FROM THESE
COMMITTEES BY YEAR END.

8. NEXT MEETING TENTATIVELY SCHEDULED FOR LATE DEC.78
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OR JAN.79. SPECIFIC DATES TO BE ANNOUNCED.
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